

Dubuque County/Dubuque Co. Deputy Sheriff's Assn.

2007-2008

LED: 221

SECTOR: 2

In the Matter of the Fact Finding Between

DUBUQUE COUNTY IOWA
Employer

And

DUBUQUE COUNTY DEPUTY SHERIFF'S ASSOCIATION
Union

2008 JUN -2 AM 8:30
PUBLIC EMPLOYMENT
RELATIONS BOARD

RECEIVED

APPEARANCES:

Ms. Mary Ann Sprecht, County Personnel Director, appearing on behalf of the County

Mr. Stephen J. Juergens, Attorney at Law, appearing on behalf of the Association

FACT FINDER'S REPORT AND RECOMMENDATIONS

The County of Dubuque, Iowa, hereinafter County or Employer, and the Dubuque County Deputy Sheriff's Association, hereinafter Association, reached impasse in their bargaining pursuant to a contract reopening clause contained in Article 29 Wages and Article 34, Duration, of their 2006-2009 collective bargaining agreement. The contract was re-opened only with respect to health insurance and wages for fiscal year 2009 (July 1, 2008 through June 30, 2009). Pursuant to the PERB [621], Chapter 7, Impasse Procedures, the parties selected the undersigned from a list of neutrals provided to them by the Iowa Public Employment Relations Board to conduct a hearing and issue a report and recommendations on the issues in dispute herein. A hearing in the matter was held on May 9, 2008 in Dubuque, Iowa. At hearing the parties presented documentary evidence, testimony, and argument in support of their final offers on the issues in dispute.

BACKGROUND:

Dubuque County has an estimated population of 92,384 and 21 cities with Dubuque being the largest city with a population of 57,686. The County employs 362 full-time, 93 part-time and 18 seasonal employees. There are five bargaining units in

addition to the Deputy Sheriff bargaining unit. The bargaining units range in size from Sunny Crest Manor (Geriatric Nursing Home) with 183 employees, Deputy Sheriff's with 104 full and part-time employees, Courthouse/Library clerical unit with 50 employees, Secondary Road Department bargaining unit with 38 employees, Sheriff's Department Management bargaining unit with 12 employees, and the Assistant County Attorney bargaining unit with 9 full-time employees. The County also employs 62 non-represented (exempt) employees.

The County and Association are parties to a collective bargaining agreement having as its term July 1, 2006 through June 30, 2009. That agreement provides for a re-opener to bargain over wages and insurance for the third year of the contract - July 1, 2008 through June 30, 2009. The parties referred to this period as fiscal year 2009. On September 19, 2007 the Association gave notice to the County of its intent to bargain over health insurance and wages for fiscal year 2009. On October 18, 2007 the Association presented the County with its proposals regarding changes in wages and health insurance for fiscal 2009. The Association's proposed a 6% wage increase effective July 1, 2008, and removal of all co-pays for office, emergency and hospital visits. The County on November 19, 2007, responded with its initial proposal, which was to freeze wages for fiscal year 2009 and require employees to share the cost of the health insurance premium by contributing 10% of the monthly premium of the plan selected. The County offers the employees a choice of one of three different health insurance plans and can elect to take either single, family, employee and spouse, or employee and children coverage. The parties met, bargained, participated in mediation, and ultimately were unable to arrive at a voluntary settlement and now are in fact finding before the undersigned.

Historically the parties have used the ten other largest Iowa counties as measured by population as their external comparables. Those counties are Polk (408,888), Linn (201,853), Scott (162,621), Black Hawk (126,106), Johnson (118,038), Woodbury (102,972), **Dubuque (92,384)**, Pottawattamie (90,218), Story (80,145), Dallas (54,525) and Clinton (49,782). Dubuque ranks 7th among the comparable pool in terms of total population. The Association has argued that because it is 7th in the rankings its wages should also rank 7th among the comparable pool. While there are factors other

than total population that may make a particular County more or less comparable or distinguishable there is no reason for the undersigned to examine those factors in this case and opine about that inasmuch as the parties are in apparent agreement that these counties should be considered as appropriate external comparables. Therefore, my recommendations are arrived at using the aforesaid counties as the agreed upon comparables.

PARTIES' FINAL OFFERS:

	<u>County</u>	<u>Association</u>
1 Health Insurance	6% employee cost share for health and dental premiums to be deducted through pre-tax payroll deduction.	Remove all co-pays for office, emergency room and hospitalization visits
2 Wages FY 09	3.5%	6%

RECOMMENDATIONS:

1 Health & Dental Insurance:

Before engaging in an analysis of the parties' proposals concerning health and dental insurance I think it important to note a general observation about how many arbitrator/fact finders have dealt with proposals to change the status quo as both parties final offers propose to do in this case. When faced with significant proposed changes in the negotiated status quo in public sector disputes, interest arbitrators/fact finders have generally required the proponent of change to establish a very persuasive basis for its proposal and to bear the risk of non-persuasion. In such situations the requisite persuasive basis for change has normally been achieved by showing that a legitimate problem exists which requires attention, that the disputed proposal reasonably addresses the problem, and that the proposed change is accompanied by an appropriate *quid pro quo*. In connection with the first of these showings, it is noted that the proponent of language changes or additions, which normally cannot be quantified/costed on the same

basis as so-called economic items, must present more than mere rhetoric or argument in support of its proposal. It must show that there is a definite need for the change, that the change addresses/solves the identified problem and/or is more reasonable than the other party's proposal to deal with the problem, if it has one.

In this case the County is proposing to have employees share in the cost of the monthly premium whereas since sometime in the 1980's the County has paid the entire cost of the monthly premiums for health and dental insurance. On the other hand the Union is proposing to eliminate co-pays for office, emergency room and hospitalization visits.

The County convened an insurance committee with representation from all of the bargaining units and other employee groups prior to entering into the current collective bargaining agreement. The result was that the committee recommended design changes in the then existing health insurance plans. The committee recommended institution of various co-pays and those recommendations were adopted and put in place. The parties agree that the changes resulted in cost savings to the County. However, those changes and savings did not stem the continual increase in monthly premiums, but did have and impact the amount increase. Notwithstanding those changes the premium cost for the health and dental insurance increased for fiscal 2009 over fiscal 2008. (Wellmark BC/BS 12%, Medical Associates HMO 4%, and United Healthcare 6%) Clearly, in light of this evidence it would make no sense to discontinue the co-pays as the Association has proposed in that it is those types of design changes that positively impact premium costs. Furthermore, the Association argues before the County resorted to its premium sharing proposal the insurance committee should have been reconvened to study other possible changes in the insurance plans to save costs and it repeatedly requested that the County do so. The County, however, declined to reconvene the committee. However, while reconvening the insurance committee to study other cost saving measures was a good idea, the Association's proposal to eliminate some co-pays, in the undersigned's opinion, would more than likely result in premium cost increases and not cost savings at the same time that insurance costs are continuing to rise. Thus, the Association has not sustained its burden to establish that there is a need to change the status quo as it has proposed by eliminating certain co-pays.

Regarding the County's proposal to have employees share the cost of the monthly premiums for health and dental insurance it argues One of the most important reasons to seek cost share is to prevent and minimize the migration to the County's insurance plan By spouses of its employees who have insurance available to them through their employer, but chose to enroll in the County's plan because the premiums are 100% paid by the County. The County believes that is an inappropriate cost for its taxpayers to absorb. The county also contends that the cost sharing of insurance premiums is prevalent among the external comparables. It also asserts that its plans are superior to those of the comparables and have been referred to as a "Lexus" plan in another fact finding. The County also believes that when cost share for health insurance premiums is introduced employees have financial stake in the cost of insurance and they will become better consumers of health care. It argues that they will have a greater incentive to control costs than they do when insurance pays all or most of the costs and it is in the public's interest and welfare for employees to share more in the cost of health and dental insurance premiums. The County believes the prevailing practice is to have all employees, including public sector employees pay portion of their health and dental premiums.

The County also argues that it successfully negotiated a percentage of premium sharing by employees in Sunnycrest Manor bargaining unit. There employees agreed to a three year contract during which employees will pay 2% of the monthly premium starting January 1, 2009 and their share will increase to 3% on July 1, 2009 and 4% on July 1, 2010.

Thus, it concludes that based upon the internal and external comparables, the interest and welfare of the public and taxpayers its proposal for a 6% employee cost share of health and dental premiums through pre-taxed pay deduction is reasonable.

The Union, on the other hand, argues that the County's proposal to have employees pay a percentage of the premium is very disadvantageous for employees, and the Employer has not offered a *quid pro quo* for the change to the status quo it is proposing. Furthermore, in a prior fact finding where the County proposed an 8% employee premium cost share fact finder Nathan stated that it was not the custom and practice among the larger Iowa counties to have employee percentage premium.

contributions and concluded that "a percentage contribution is too radical of a change to be awarded by a neutral given the parties bargaining history". In the other fact finding fact finder Powers rejected the County's proposal for an 8% employee premium cost share because the County had not offered a *quid pro quo* and had not reconvened the insurance committee. Regarding the County's settlement with the Sunnycrest Manor bargaining unit, the Association asserts that there the County offered a quid pro quo in the form of an additional personal day and well as language changes, whereas in this unit it has not offered a *quid pro quo*. The Association also asserts that in past bargains the employees purchased the 100% employer paid health and dental insurance premiums they now enjoy and the County is not offering to purchase the employees now sharing in the premium cost. Furthermore, among the external comparables where employees are sharing premium costs they are doing in terms of dollars per month and not as a stated percentage of the premium as the County is proposing.

The County disputes the Association's assertion that the County offered a *quid pro quo* to the Sunnycrest Manor bargaining unit in return for their agreeing to have employee share the cost of the health and dental insurance premiums. It states that the reason the unit received the additional personal day was because they received one less holiday than the other bargaining units because they don't have Martin Luther King day as a contractual holiday. The County and it was better to provide a floater (personal day) than a holiday in the 24/7 operation because it was less expensive.

Discussion:

The current break down of how many employees have elected single versus family coverage¹ is as follows: 66 electing family coverage and 43 electing single coverage. The evidence adduced at hearing shows that since 1996 the cost of the three health and dental insurance plans offered by the County have increased as follows:

Wellmark BC/BS - single = 49.74% increase and family = 50.77% increase

United Healthcare - Single = 104.23%, Family = 124.81%, Employee/Spouse = 91.84%, and Employee/Children = 58.88%

¹ When I refer to family coverage I am including within that reference employee & spouse, and employee & children coverages

Medical Associates -- Single = 146.79%, Family =156.59%, Employee/Spouse = 118.93%, and Employee/Children = 81.27%

Clearly, there have been significant increases in the cost of the health and dental insurance offered over that period. And, as everyone understands, those costs are continuing to rise with no indication that trend will end at any time in the near future. Equally as true is the fact that generally as a percentage of an employee's total compensation health insurance premium costs have increased significantly and present a daunting cost to employers. Understandably, all employers are looking for ways to hold down the rate of increase in cost as well as have employees share a greater percentage of the premium costs where they are already contributing and to have employees not already contributing do so.

The evidence establishes that among the external comparable counties in all but Clinton County employees share a portion of the family health insurance premium costs. In Polk, Scott, Johnson, Dallas and Clinton, like in Dubuque County the employer pays the entire health insurance premium cost for single coverage. It also appears from the evidence that in those counties where employees do share part of the premium cost they share on a dollar per month basis rather than on a percentage of the monthly premium basis. But, because the entire premium costs in those counties is not in evidence it is impossible to determine what percentage of the monthly premium cost those dollar per month employee premium contributions represent. The dollar per month cost to employees ranges from a low of \$18/month in Woodbury County to a high of \$187 per month in Dallas County for family coverage. And, of the five counties requiring the employee share in the premium cost for single coverage the amounts are Linn \$10/mo., Black Hawk \$50/mo., Woodbury \$8/mo., and Pottawattamie \$25/mo. The evidence also shows that with respect to prescription drug co-pays, coinsurance rates, office visit and emergency room co-pays the County is in line with what is happening among the comparables. There are a couple areas where the employees' costs in Dubuque County are less than what employees are paying in the comparable counties. For example, in Dubuque County there are no health insurance deductibles and Scott County is the only other comparable county where there are no health insurance deductibles.

In the case of the dental insurance all but Story County pay the entire premium cost of dental insurance for single coverage and only Scott, Black Hawk, and Clinton pay the entire cost of the family dental insurance premium. The other 7 counties require the employee to share part of the family dental insurance monthly premium.

Turning to Dubuque County itself, it has reached a voluntary settlement with its Sunnycrest Manor bargaining unit for a three-year contract effective July 1, 2008. That settlement provided for employees to begin sharing the cost of the monthly premium for health and dental insurance effective January 1, 2009, half way through the contract year. Effective 1/1/2009 employees will contribute 2% of the monthly premium for single and family coverage, and on 7/1/2009 that percentage will increase to 3% and effective 7/1/2010 it will increase again to 4%. The Sunnycrest Manor bargaining unit is the largest of the County's bargaining units with 100 full-time employees, which represents a little more than one third of all represented County full-time employees. This is not a small insignificant bargaining unit such that giving the settlement considerable weight could be analogized to the tail wagging the dog.

Most arbitrators/fact finders have concluded, including this one, that internal comparability is an important consideration in evaluating the economic proposals of the parties. Where it can be shown that an employer has negotiated to agreement with other represented employees in its employ, the terms of that agreement regarding wages and fringe benefits is a factor to be accorded significant weight, if not, controlling weight absent some unusual circumstance surrounding such agreement(s) that diminishes its persuasive value. In this case, there is no record evidence that diminishes the persuasive value of the voluntary settlement the County reached with its Sunnycrest Manor bargaining unit.

Obviously, the pattern among the internal and external comparables is that employees are sharing some of the monthly premium cost for single and family health insurance coverage and family dental coverage. Thus, I am persuaded that the County has established that the cost of health insurance premiums and the lack of employee contribution toward premium is an issue that should be addressed.

However, the County's proposal is for employees to pay 6% of the premium cost for health and dental insurance effective July 1, 2008. That is clearly more than what it

negotiated with is Sunnycrest Manor bargaining unit and its proposal would take effect earlier in the fiscal year. In the Sunnycrest Manor bargaining unit the employee premium contribution for fiscal year 2009 is 2% and it does not take effect until January 1, 2009, although the contribution increases to 4% by July 1, 2010. So while the County's proposal in this bargaining unit enjoys some support among the internal comparables it was not successful in bargaining as large a contribution or having it take effect as soon as it seeks in this bargaining unit.

Thus, the undersigned is persuaded that the employees should be required to share in the premium cost in fiscal 2009 but that it should be at 2% of the monthly premium not 6% and it should be effective on January 1, 2009, not July 1, 2008.

Clearly, external and internal comparables are factors considered by arbitrators and fact finders in evaluating the economic proposals of the parties. But, another significant consideration is the matter of a *quid pro quo*. Much has been written by other arbitrators/fact finders about the need for a *quid pro quo* when a party is proposing a change in the status quo in health insurance as the City has in this case. There is no set answer as to when a *quid pro quo* is required. Generally, arbitrators/fact finders conclude one is required in all but unusual circumstances. Arbitrators/fact finders have also addressed the issue of the sufficiency of the *quid pro quo* being offered for proposed changes in the health insurance plan provided for in the parties' collective bargaining agreement. Not surprisingly their conclusions are clearly based upon the unique facts of each case and, thus, no general rule regarding what constitutes a sufficient *quid pro quo* has emerged. In this case no such analysis regarding the sufficiency of the *quid pro quo* is necessary inasmuch as the City has not offered one.

In the undersigned's opinion, even though the County has substantiated its case for requiring employees to share some of the premium costs for single and family health insurance coverage and family dental coverage doing so represents a substantial and significant change from the current status quo that requires no contribution from employees choosing either single or family health and dental insurance coverage. However, the County's proposal contains no *quid pro quo* for agreeing to the proposed change. And, in light of the fact that the testimony established that this unit bargained over many years to move from no employer contribution toward health and dental

insurance premiums to 100% paid by the Employer, I think this a case where a *quid pro quo* is necessary

The cost of a 2% premium contribution for the three family plan plans in terms of cents per hour is \$0.13 for Wellmark BC/BS, \$0.16 for Medical Associates HMO, and \$0.16 cents for United Health Care. This represents a little more than ½ of 1% of the 2008 bargaining unit average wage with shift differential being included. Consistent with the above discussion I am persuaded an appropriate *quid pro quo* would be a ½ of 1% wage increase effective January 1, 2010.

For the above stated reasons it is the undersigned's recommendation that the employees share in the monthly premium costs for all three health and dental insurance plans as follows:

Employees would be required to pay 2% of the monthly premiums for health and dental insurance under the three plans offered by the County effective January 1, 2009, to be deducted through pre-tax payroll deduction. As a *quid pro quo* for this change in the health and dental insurance benefit the employer will grant bargaining unit employees a ½ of 1% across the board wage increase effective January 1, 2010.

2. Wages:

The County contends its 3.25% wage offer is supported by the internal settlement it achieved with the Sunnycrest Manor bargaining unit. Further, it argues that historically the wage increases in the Sheriff's Department bargaining unit have been well above what other units received. For fiscal 2009 the County budgeted for a 3% increase for all County employees. Additionally, the County asserts that the CPI for All Urban Consumers, U.S. City average is at 2.4% for 2007, and also the Social Security Administration established the 2007 Social Security cost of living adjustment at 2.3%. The County also contends that the historical CPI and Social Security cost of living adjustments from 2002 to the present are 2.65% and 2.66% respectively, while the average wage increase in this bargaining unit from 2002 to the present was 4.16%. For these reasons the County believes its 3.25% wage increase offer is reasonable.

The Association, on the other hand, believes its proposal for a 6% wage increase is the more reasonable proposal. First it argues that the County's top wage rate for a Deputy ranks 10th out of the 11th largest counties, in other words next to the bottom. It is also less than the top rate paid by the Dubuque Police Department and to Iowa State Troopers. The starting wage for a County Deputy ranks 9th out of 11 counties. Whereas, the Union argues the Sheriff's fiscal year 2008 wage ranks 7th out of the 11 comparable counties and the County Board of Supervisors ranks 6th among those comparable counties. The Association contends that in order for the Deputies pay to move up to the 7th rank among the comparables and also cover the March 2008 CPI increase of 4% as well as make up for the County's proposed insurance premium payments by employees it would require an approximate 16.5% increase in wages. It contends that even with a 4.5% increase the County deputies wages will only rank 8th out of 11 counties and will still be \$1/hour behind the 7th ranked county.

Discussion:

First, the County reached a voluntary settlement with the Sunnycrest Manor bargaining unit that provided for a 3.5% wage increase for fiscal year 2009. Yet, in this bargaining unit it is proposing only a 3.25% wage increase and asking that employees be required to share 6% of the cost. It offers no persuasive evidence as to why internal comparability should hold sway in the area of employee premium sharing for health and dental insurance, but be ignored in the case of annual wage increases.

Also, the County has had a history, at least since 2002 of granting larger wage increases in this bargaining unit than in its other bargaining units, apparently in order to raise their wages up in the ranking of the comparable counties. In 2002 all other units except Sunnycrest Manor (4%) received a 3% increase and this unit received a 4.5% increase. In 2003 this unit received a 5% increase and all other units received a 3% increase. In 2004 this unit received a 4% increase and other units received 3.5%, 3% and 2% increases. In 2005 this unit as well as Courthouse, and Roads units received a 3.5% increase while Sunnycrest Manor received a 2% increase and the Attorney unit received a 4% increase. In 2006 this unit along with the Attorney bargaining unit received a 3.5% increase while the others received less. In 2007 and 2008 this unit received a 4.5%

increase each year while the other units received a 4% increase in 2007 and 3% increase in 2008.

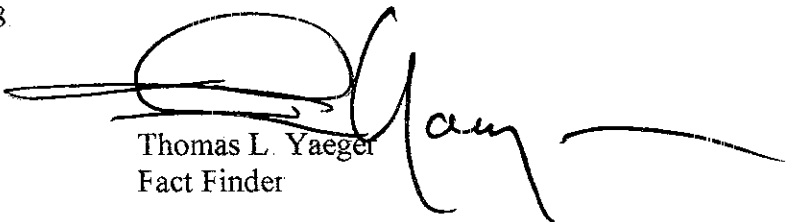
The County's proposed 3.25% wage increase would take the top Deputy wage rate to \$23.59 which would move it to within \$.01 per hour of Dallas the 8th ranked county at the top deputy wage rate. A 3.5% wage increase would take the top Deputy wage rate to \$23.65 which would move it \$.05 per hour above Dallas the 8th ranked county at the top deputy wage rate. A 3.25% wage increase would move the starting deputy wage rate to \$18.18 or \$.04 per hour less than starting Deputy rate in the 8th ranked Johnson County. A 3.5% wage increase would move the starting Deputy wage rate to \$18.23 or \$.01 per hour less than starting Deputy rate in the 8th ranked Johnson County.

The Union's proposed 6% wage increase for fiscal 2009 would increase the starting deputy wage to \$18.67 or \$.45 per hour higher than the Johnson County rate and still leave it \$.40 per hour below Dallas County the 7th ranked county at the starting Deputy wage rate. For the top Deputy wage rate a 6% increase would take the County's top rate to \$24.22 or \$.66 per hour below the 7th ranked Story County.

Clearly, the top Deputy rate and starting Deputy rate are below the 7th ranked county at those rates. And it appears the County has been granting larger wage increases in this unit in order to bring the employees closer to becoming the 7th rank county at those wage thresholds. In keeping with that endeavor the undersigned is recommending that a 2.5% catch up wage increase be granted, in addition to the 3.5% wage increase the County already negotiated with its Sunnycrest Manor bargaining unit for fiscal 2009. A 3.5% across the board wage increase is also in keeping with the 3.5% median wage increase granted by the other 10 comparable counties for fiscal year 2009.

Thus, for the above stated reasons it is the undersigned's recommendation that the County grant a 6% across the board wage increase in this bargaining unit for fiscal year 2009.

Entered this 23rd day of May 2008.


Thomas L. Yaeger
Fact Finder

CERTIFICATE OF SERVICE

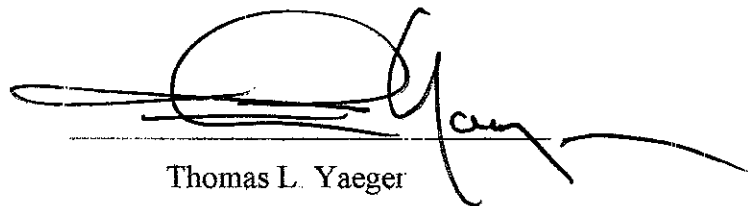
I certify that on the 23rd day of May 2008, I served the foregoing Report and Recommendations of the Fact Finder upon each of the parties to this matter by mailing a copy to them by mailing a copy to them at their respective addresses shown below:

Ms. Mary Ann Sprecht
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Dubuque County
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I further certify that on the 23rd of May, 2008, I will submit my Report and Recommendations for filing by mailing it to the
Iowa Public Employment Relations Board, 510 East 12th Street, Suite 1B,
Des Moines, Iowa 50309-0203.

A handwritten signature in black ink, appearing to read 'Thomas L. Yaeger', is written over a horizontal line.

Thomas L. Yaeger
Fact Finder